

# **Accomplishments of the 80th Legislature**

THE 80th session of the Texas Legislature accomplished much for the State of Texas. Lawmakers provided historic property tax relief, and also voted to extend those benefits to elderly and disabled homeowners. They then gave full funding for the State's public schools through appropriations from the Property Tax Relief Fund and surplus general revenue.

Since a single major, "must-do" legislative issue did not dominate this session, lawmakers were able to focus on several important issues. Education remained a priority, with several bills passed to better prepare Texas students for higher education and entry into the workforce. Lawmakers helped parents afford the high cost of college education by creating the Texas Tomorrow Fund II (TTF2). The pressing need to protect one of Texas' most precious resources resulted in a package of bills regarding water management and conservation issues. The state parks system and the Texas Historical Commission received long-term funding to improve and preserve our state's most cherished public spaces and buildings.

The Legislature contended with the shocking developments and allegations at the Texas Youth Commission (TYC). A Joint Select Committee on the Operation and Management of the TYC was appointed and was comprised of House and Senate Members. Lawmakers made sweeping reforms to the TYC.

Lawmakers strengthened their commitment to protect Texas' children with the passage of Jessica's Law, which increases penalties for child molestation. Border security was also addressed, allocating more funding to fight crime on the border and to better coordinate homeland security activities. More Texans, both adults and children, will receive better healthcare with reforms to Medicaid and the Children's Health Insurance Program (CHIP). Reducing the number of uninsured individuals will help alleviate the increasing costs of healthcare for all Texans.

## **STATE BUDGET**

Lawmakers faced a challenge in the budgetary process due to the state's increased share of funding for public schools. By amending the legislative spending cap, they were able to fully fund schools, while providing historic property tax cuts to taxpayers. Additionally, legislators increased funding for schools and human services while maintaining a fiscally conservative use of taxpayers' money.

### ***Property taxes and public school funding***

- Property tax cuts enacted during the last session benefited Texas homeowners by reducing their ad valorem taxes by one-third. In return, the state took on greater responsibility in funding public schools. This amount would be covered by \$8 billion in the Property Tax Relief Fund (comprised of revenue from the cigarette tax, liar's affidavit and the newly reformed franchise tax) and \$6 billion from surplus general revenue.
- However, the Legislative Budget Board had not factored this new responsibility into the amount allocated for the Legislature to spend this session. To allow the available funds to be transferred to the public school system, lawmakers voted to amend the State's spending cap for a one-time measure.
- After amending the spending cap, House Bill 2 (HB 2) transferred \$14 billion to the Texas Education Agency to cover revenue that school districts lost from property tax reduction.
- Legislators also extended property tax cuts to seniors and disabled homeowners. These two groups were excluded from the reductions because their property taxes are already frozen at a certain rate. While the freeze was intended to prevent these homeowners from rising taxes on a fixed income, it now also applies to a tax decrease. In May, voters approved the constitutional amendment that would allow this tax cut to be extended to seniors and disabled homeowners.

### ***2008-2009 budget***

- House Bill 1 (HB 1), the 2008-2009 biennium budget, totaled just over \$152 billion, an increase of 7.0 percent from the previous biennium. Compared to the state's population growth and the rate of inflation, this increase represents a fiscally conservative use of taxpayers' money.
- \$2.5 billion will remain unappropriated to carry forward to the following biennium, and the state's Rainy Day Fund will accumulate \$4.3 billion by the end of FY2009. This total of \$7.0 billion ensures that homeowners will continue to enjoy the property tax reductions enacted during the 79th Legislature.
- Compared to the 2006-2007 biennium, education received a \$3.9 billion funding increase. This amount covers the Teachers' Retirement System, financial aid and additional funding for public schools and higher education. For the first time in many years, funding for new special items in higher education are shown with complete budget transparency, rather than being hidden in a lump sum appropriation as informational items.
- Health and Human Services received \$2.2 billion in additional funds for increased Medicaid and CHIP costs, improved provider rates for physicians and other healthcare professionals, and a major increase in new mental health crisis services.
- Public Safety and Criminal Justice agencies received an increase of \$677 million to meet projected correctional population increases, increased funds for rehabilitation programs and border security operations.
- A substantial increase in funding has been provided to repair, renovate and improve operations for our state parks system and historical sites.

## **PUBLIC SCHOOLS**

Education remained a top priority during the 80th Session, with legislators focusing on improving high school graduation rates and better preparing Texas students for higher education. Lawmakers also overhauled testing requirements, favoring end-of-course exams rather than the Texas Assessment of Knowledge and Skills (TAKS) test. In addition, lawmakers established a pilot program to increase bilingualism among Texas students and to improve the State's educational data-collection system.

### ***High School Completion and Success Initiative***

This legislation aims to support schools in implementing curriculum and instruction improvements that align with State standards and expectations for post-secondary success, including technical assistance to help schools maximize the impact of available funding.

- House Bill 2237 (HB 2237) creates the High School Completion and Success Initiative Board to develop and manage a strategic plan that coordinates public and private high school improvement initiatives. The board will also administer a pilot program providing grants to school districts to fund activities for students at risk of dropping out of school
- It also establishes a pilot grant-making program for schools with a high percentage of students who are at-risk for dropping out. The program will use technology-based learning to provide increased instruction for core academic subjects to these students.
- Schools will be able to establish summer bridge programs to provide remediation and academic support to at-risk students in middle school and high school. The programs will receive matching grants and develop curriculum with institutions of higher learning to ensure participating students are better prepared for college and the workforce.

### ***End-of-course Exams***

In a move that will likely win favor among Texas school children, legislators voted to end TAKS as the means for determining students' academic eligibility for matriculation. House Bill 2236 (HB 2236) will phase out TAKS and replace it with end-of-course exams in the four core subject areas in grades 9-12.

- Schools will remain accountable for student performance while allowing students to satisfy graduation requirements in different ways; for example, by allowing satisfactory performance on

Advanced Placement (AP) or similar college-level aptitude tests to substitute for end-of-course exams.

- The bill also requires students to complete college readiness diagnostics and college entrance exams at state expense.

### ***Improvements in data collection***

Texas' current system for collecting educational data is more than 20-years-old. Legislators voted to replace this system with the Texas Educational Data System, which will make it easier to study the efficacy of Texas' education pipeline by consolidating elementary, secondary and higher education data.

- A 15-member board will oversee the system's development and implementation.
- With this system, schools will be able to collect data more efficiently and better assess financial and academic accountability. Districts will also be able to make more informed decisions at the local level.

### ***Bilingual immersion pilot program***

- House Bill 2814 (HB 2814) allows school districts selected by the commissioner of education to create language immersion programs. Selected school districts will offer at least three years of a language other than English in elementary grades, and at least one additional language in secondary grades.
- Each district will choose the languages offered and must demonstrate that potential for expanding language learning programs across primary and secondary grades. These districts will establish a community education "pipeline" team to assist in developing and implementing language immersion programs.
- Additionally, the program directs the commissioner of education to make available immersion-method software for public school students and employees across the State to learn foreign languages.

## **COLLEGES AND UNIVERSITIES**

Lawmakers passed several pieces of legislation that will help improve Texas students' college and workforce readiness, making Texas' economy more competitive in the global market. A House Select Committee on Higher and Public Education Finance was formed to improve college and workforce readiness by coordinating funding policies. The House also reformed and improved the Texas Tomorrow Fund, providing parents and higher education institutions with a viable method of paying for college. The budget also includes funding for the new medical school in El Paso and enhanced funding for the Regional Academic Health Center in South Texas.

### ***House Select Committee on Higher and Public Education Financing***

- This committee will work to improve college and workforce readiness by coordinating public and higher education finance policy, which will ultimately increase Texas' competitiveness in the global market.
- The committee will focus on examining the efficiency and effectiveness of state programs to increase student achievement, aligning formula and non-formula funded programs with the state's education goals and developing strategies to more effectively leverage and deploy federal funds.

### ***Texas Tomorrow Fund II***

- House Bill 3900 (HB 3900) establishes the TTF2, creating new savings options to help families pay for higher education.
- Under this plan, families will be able to lock in today's rates for tuition and required fees for their children's future higher education needs, giving them more certainty about the cost of a college education.
- Families will invest in the TTF2 by purchasing weighted "units" of education, with weights based on the type of unit purchased: those for the highest priced public university, a weighted average for public universities, or a weighted average for junior colleges.
- Under the redemption system, colleges have an incentive to keep tuition costs low. When a student enters college his or her units will be redeemed at the amount initially invested in the child's account,

plus any returns made on that investment. If the value of a participant's units is greater than the cost of tuition, the university retains the additional return on the investment. However, if the value is less than the university's cost, the school must cover the difference.

## **HEALTH AND HUMAN SERVICES**

Several important healthcare bills were passed this session, improving the lives of thousands of Texans. More children will receive healthcare coverage due to reforms in CHIP. Medicaid reform was also a top priority, with lawmakers addressing cost containment and sustainability issues. The foster care system also received much needed attention and improvement.

### ***Medicaid reform***

Senate Bill 10 (SB 10) improves Texas' Medicaid program by focusing on several specific goals: expanding available funding for health coverage; increasing consumer choice, responsibility, and consumer-focused health incentives; enhancing Medicaid program infrastructure; improving fraud detection and deterrence; and ensuring appropriate legislative oversight. The following are some key features of the bill:

- It uses federal and matching hospital supplemental payments to create a trust fund for reimbursing providers a portion of uncompensated care costs and reducing the need for hospitals' uncompensated care as well as the number of uninsured Texans.
- It will help improve health outcomes by increasing enrollment of those eligible for Medicaid, enhancing the Medicaid Health Insurance Premium Payment Reimbursement Program for employers, disbursing costs and encouraging responsible use of emergency departments, and establishing pilot programs to incentivize healthy behavior, such as participating in the Early Periodic Screening Diagnosis and Treatment Program.
- It encourages efficiency and improves delivery by promoting the use of electronic health information standards and electronic health records, requires tailored benefit packages for children with special healthcare needs, and requires the use of outcome-based performance measures and incentives in HMO contracts to increase access to appropriate healthcare services.
- It promotes a study of increasing the use of technology to deter fraud in the Medicaid program and assist in determining an applicant's eligibility and citizenship status. It also creates a legislative oversight committee to facilitate the smooth transition from existing payment and benefit models to new methods and models developed under a waiver.

### ***Improvements to Children's Health Insurance Program (CHIP)***

House Bill 109 (HB 109) restores several aspects of CHIP that were cut during previous sessions in order to contend with a \$10 billion budget deficit. The bill institutes the following important reforms:

- It extends the eligibility period from six months to 12 months, decreasing bureaucratic inefficiencies associated with more frequent re-enrollment.
- It eliminates the 90-day enrollment waiting period, except for children previously covered by another insurance plan.
- It revises income eligibility by using net income rather than gross income, and it eliminates the assets test.
- It reinstates community and school-based outreach programs to increase awareness about CHIP among potentially eligible children and their families.

### ***Child Protective Services Reform***

This session, we provided \$34.5 million for the continuation of Child Protective Services (CPS) reform. The 79th Legislature addressed the front end of the CPS system by funding major improvements to the investigations so the department could better identify and protect at-risk.

The additional funding will provide the means to improve services for children and families once the investigation indicates risk is present. It will help keep families together, reduce the length of time children remain in foster care, and improve the quality and accountability of foster care. This item is also being funded with \$65.4 million of federal TANF funds.

***Major CPS Reform funding elements include:***

- providing 31 additional staff for Family Group Decision Making during investigations and 53 additional staff for more Family Group Decision Making after removal;
- providing 160 additional Family Based Safety Services (FBSS) direct delivery staff to allow intensive and moderate levels of FBSS to occur at lower caseloads;
- establishing the Strengthen Families Through Enhanced In-Home Support program to offset certain poverty-related factors to help keep families together;
- providing 501 additional Substitute Care direct delivery staff to allow monthly face-to-face contact with 90 percent of children in care, which is a new federal requirement;
- providing 93 additional direct delivery staff to support kinship placements;
- providing tablet PCs for substitute care and licensing staff;
- strengthening licensing oversight by adding 84 additional licensing staff;
- strengthening contract oversight with 13 additional staff for improved monitoring and using technology for better information on contractor issues and trends to mitigate risk; and,
- reducing the number of children entering foster care and the average length of stay in foster care.

**LAWSUIT REFORM**

Lawmakers voted to protect Texas ports against frivolous lawsuits with House Bill 1602 (HB 1602). Due to a loophole in Texas civil practices statutes, many such lawsuits have recently been filed against dredging companies. The services provided by these companies are essential to keeping our ports operational since Texas has no natural deep water ports. Lawsuits and their associated costs were causing companies to drop their dredging contracts, potentially jeopardizing the State's economy. HB 1602 closed the loophole in the civil practices statutes.

**PRIVATE PROPERTY RIGHTS**

The Legislature continued to address the controversy over eminent domain power used for economic development purposes, sparked by the U.S. Supreme Court's *Kelo* decision. House Bill 2006 (HB 2006) defines what constitutes a “public use” for which eminent domain proceedings may be initiated. It gives guidance on what evidence may be included when adequate compensation is being calculated in an eminent domain proceeding. The bill also establishes that a condemning entity must make a good faith effort to acquire a property through voluntary purchase. This is an attempt by the Legislature to further protect property owners in condemnation cases.

***Castle Doctrine***

The Texas House of Representatives passed legislation improving the rights of homeowners and citizens to protect them from criminals. The Castle Doctrine legislation allows Texans to defend themselves with deadly force without requiring them to retreat and reduces the probability that law-abiding citizens could be charged with a crime for acting in self-defense.

**CRIMINAL JUSTICE**

The biggest criminal justice issue of the session was unanticipated at its outset: allegations of abuse uncovered at certain Texas Youth Commission (TYC) facilities. In response, Governor Perry appointed a conservator to oversee the necessary reforms. Additionally, House Speaker Tom Craddick (R-Midland) and Lt. Governor David Dewhurst appointed a Joint Select Committee on the Operations and Management of the TYC. Legislators responded by passing several significant reforms affecting the structure and operations of the TYC. Other important criminal justice issues addressed during the 80th Legislative Session included prison reforms, border security and child predators.

***Texas Youth Commission***

In response to allegations of misconduct at certain TYC facilities, the House and Senate convened a joint select committee to examine the agency's policies and procedures. The Conservator recommended a complete overhaul of the most flawed components of the TYC system, including:

- the process for reporting abuse and neglect;
- the classification and intake system, which formerly allowed young offenders to be housed with older, more serious offenders;
- the agency's hiring process, which formerly allowed individuals with criminal records to be employed at its facilities;
- facility structures not conducive to the needs of the incarcerated youth or their families; and,
- the reentry system, which inadequately prepared youth for transition into life after incarceration.

Lawmakers passed a package of legislation to address many of these concerns. Its central proposal, Senate Bill 103 (SB 103), contains the following important reforms:

- it establishes an Office of Independent Ombudsman to act as an intermediary between parents, the public, youth and TYC;
- it creates an Office of the Inspector General (OIG) with licensed peace officers to investigate criminal complaints;
- it allows the Special Prosecution Unit (SPU) to prosecute offenses within the TYC;
- it allows advocacy and support groups to have contact with the youth;
- it subjects TYC to a state audit and requires regular, internal audits;
- it requires regular reports to the Legislature by the OIG, SPU and Ombudsman;
- it increases and improves training of juvenile corrections officers, increases the overall number of juvenile correctional officers to lower youth-to-officer ratios;
- it requires background and criminal history checks for all employees and volunteers; and,
- it requires all TYC facilities to be accredited by the American Correctional Association.

### ***Texas Department of Criminal Justice***

The Texas Department of Criminal Justice (TDCJ) underwent Sunset Review this session. The Sunset bill, Senate Bill 909 (SB 909), included several probation and parole reform measures as well as provisions to make information about offender health care available to the public. The TDCJ budget for 2008-09 includes additional funding for diversion initiatives and assumes two TYC facilities will be converted into TDCJ facilities to address prison capacity issues. Furthermore, general obligation bonds for the construction of three prisons are contingent upon approval from the Legislative Budget Board (LBB).

### ***Jessica's Law***

Texas joined several other states in increasing penalties for child predators. Jessica's Law (SB 8), named for a Florida girl who was raped and killed by a repeat sex offender, makes child sex abuse a capital crime under certain circumstances and amends other aspects of current child sexual abuse laws. Important features of the legislation include:

- imposing a minimum sentence of 25 years for sexually violent offenses against a child younger than 14 and eliminates the eligibility for parole for certain offenders;
- making a second conviction for a sexually violent offense against a child younger than 14 a capital offense;
- providing global positioning system monitoring for offenders committed under sexually violent predator statutes;
- extending the statute of limitations for sexually violent offenses against children younger than 14 to 20 years past the victim's 18th birthday; and,
- clarifying that harboring a sex offender in violation of registration is an offense that can be classified up to a third degree felony.

### ***Homeland and Border Security***

The Legislature passed Senate Bill 11 (SB 11) establishing a statewide mutual aid system to provide integrated statewide aid response capacity between local government entities. SB 11 designates and allows additional emergency vehicles to be used during a disaster. SB 11 also creates the Border Security

Council to oversee the distribution of \$103 million to border law enforcement agencies. The council's members are to be appointed by the governor. The bill also calls for a legislative committee to monitor and report back to the legislature on the effectiveness of these programs.

## **TRANSPORTATION**

The Legislature passed Senate Bill 792 (SB 792) establishing a statewide moratorium on comprehensive development agreements - like the Trans Texas Corridor - for two years, exempting certain projects in specific areas of the state, and creating a committee to study the policy implications of this transportation funding mechanism.

SB 792 grants county toll road authorities, like the North Texas Toll Authority and Harris County Toll Road Authority, and regional tollway authorities the opportunity to complete pending toll projects and extensions of existing projects. For other projects, it establishes a market valuation procedure, giving local toll entities the first option to build projects within their area. TxDOT may undertake projects, if local entities do not exercise the option, but in either event, the local entity or TxDOT must provide free roads with an estimated construction cost equal to the market value of the new toll road project. The market value procedure expires on August 31, 2011.

SB 792 also requires TxDOT to assist county tollway authorities in the completion of its projects by providing right-of-way owned by TxDOT and access to the state highway system by entering into an agreement with the local toll authority.

## **ENERGY ISSUES**

### ***Energy Efficiency***

The Legislature passed House Bill 3693 (HB 3693) creating energy efficiency mechanisms intended to provide reductions in consumption and demand to avoid crises during peak energy times. The legislation creates enhancements for existing energy efficiency programs, enables more customer demand management, updates building energy codes, and requires state agencies to purchase more efficient equipment and appliances. These measures should result in reductions in electricity consumption to avoid peak demand problems and also avoid new costs for power plants and power lines. .

### ***Clean Energy***

House Bill 3732 (HB 3732) creates a more predictable permitting process for the installation of ultra clean energy. The bill establishes an ultra clean energy grant and loan program that will provide the State Energy Conservation Office with significant resources to encourage the development of ultra clean energy technology. HB 3732 also creates financial incentives for ultra clean energy projects by allowing limitations on the appraised value of property used for such purposes, enhancing pollution control property tax exemptions, and providing tax incentives for ultra clean coal technology.

### ***Clean Air***

Senate Bill 12 expands the uses of both the Texas Emissions Reduction and the Low Income Vehicle Repair Assistance (LIRAP) programs to reduce emissions from mobile sources, increases the number of individuals eligible for grants under LIRAP and increases the amount of the grant for purchase of a new vehicle and the retirement of older vehicles with higher emissions. SB 12 reduces statewide emissions from electrical generation units by providing for the update of building energy codes, encouraging the purchase of efficient appliances and providing efficiency standards for school districts, institutions of higher education, state agencies and governmental entities in counties.

## **WATER ISSUES**

Although the drought conditions of the past several years have largely abated, water remains one of Texas' most precious resources. Lawmakers addressed several issues relating to conservation and maintenance of instream flows, conservation of other sources of water, and the designation of unique reservoir sites. Reflecting the hard work many legislators put in to crafting responsible laws to protect water, several prominent water interest groups gave their support to these measures.

### ***Environmental flows***

House Bill 3 (HB 3)/Senate Bill 3 (SB 3) creates a basin-by-basin process to address environmental flow issues, and makes recommendations on meeting freshwater in-flow needs for estuaries and bays.

- The Texas Commission on Environmental Quality (TCEQ) is advised to adopt resulting recommendations as standards for use in the decision-making process regarding new water-right applications.
- The bill also creates the Environmental Flows Advisory Group to study ways to balance the state's need to conserve water resources while providing for the water needs of Texas' growing population.

### ***Water conservation***

Legislators took several steps to improve water conservation, including educating Texans about the importance of this issue and creating an advisory council to deal with statewide issues around water conservation. House Bill 4 (HB 4)/Senate Bill 3 (SB 3) encompassed many of these new measures:

- Conservation awareness and education are factored into several of the bill's provisions. The Texas Water Development Board (TWBD) will implement a statewide program to increase Texans' awareness of the need for water conservation. Additionally, the Higher Education Coordinating Board will develop curricula regarding on-site water reclamation technologies and ways to incorporate these systems into the design and construction of new state buildings.
- The bill creates a 23-member Water Conservation Advisory Council to monitor the development and implementation of conservation strategies.
- It requires utilities that provide drinking water to more than 3,300 customers to submit water conservation plans to the TCEQ and TWBD, and requires these utilities to conduct annual progress updates.
- TWBD's water assistance fund is authorized to be used for grants for water conservation initiatives.

### ***Reservoir designation***

Senate bill 3, in an effort to provide additional surface water resources for the state, designated several sites in the [2007 State Water Plan](#) of unique value for reservoir construction.

The state needs to strive to balance different strategies to provide adequate water for a growing economy and population.

## **STATE PARKS**

While Texas has some of the most beautiful landscapes and interesting wildlife in the country, our state parks and historic sites have languished in recent years due to under-funding. This session, lawmakers voted to save our parks by appropriating more of the sporting goods sales tax to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission.

## **EMERGENCY SERVICES**

Texas' volunteer fire fighters and police officers perform heroically in protecting their neighbors and communities. In addition to going uncompensated for their work, these men and women have also been responsible for the costs of healthcare incurred as a result of job-related injuries, either paying out-of-pocket or using existing health insurance. This session, lawmakers voted to release funding to provide healthcare coverage for volunteer emergency service providers. By caring for those who do so much for the public good, Texans can truly show their appreciation for all that these men and women do.